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To Editors:-

The following monthly statement of the Ninth Federal Reserve Bank is for publication in the afternoon papers of Monday September 10, 1917. without further notice or release, unless it is countermanded.

Melville E. Stone, General Manager
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MONTHLY REPORT
CROP AND BUSINESS CONDITIONS IN THE NINTH
FEDERAL RESERVE DISTRICT.

John H. Rich
Chairman and Federal Reserve Agent.
September 5, 1917.

As frequently happens in a dry year, the final crop reports from the Ninth Federal Reserve District are proving to be somewhat more encouraging than might have been expected thirty days ago. There can be no question about the prosperity of Wisconsin, Minnesota and South Dakota. Wisconsin and Minnesota are harvesting crops that are as large as any that have been previously produced. South Dakota will doubtless show a total production this year that will be somewhat in excess of a good average year in spite of the damage that occurred in the central and western portions of the state during June and July. The eastern one-third of North Dakota is threshing better than an average crop. The remainder of the state and the entire state of Montana shows much smaller yields but grain is being harvested that thirty days ago gave little hope of being worth cutting. Some of the wheat, although on very short straw, has headed in good shape, and the quality is excellent.

In parts of Wisconsin, throughout all of Minnesota, in South Dakota, and the eastern portion of North Dakota, the outlook is for a considerable amount of good flax. A considerable part of this crop has already been cut, but very little of it has so far been threshed. In the western half of the district, there will be some flax that was dispaired of a month ago that will come come through safely, although the total yields will be reduced as compared with a year ago.

In the eastern half of the district, a good corn crop is practically certain, although some days of good weather are yet required before it will be entirely safe. The outlook for this crop in the western half of the district is good, but a longer period will be required to mature it. Over the district as whole a corn is quite spotted. The frosts that have so far occurred have not been sufficiently severe to injure field crops, although in the northern portions of Minnesota garden truck has suffered.

Early potatoes yielded well, and late potatoes, with a little more favorable weather, will be a good crop. South Dakota will have a surplus for shipment, and Minnesota, which is always a heavy shipper, will have a large supply this year.

While Federal price regulation, as applied to wheat, has established a market that is lower than a great many farmers desired, the basis determined upon has put an end to the very uncertain marketing conditions, and will probably be accepted in the long run as a reasonable compromise between the demands of the growers and the equally insistent demands of the consumers. Wheat

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is beginning to move rapidly into terminals, and with excellent weather for threshing, the grain crops will probably be taken care of without suffering the damage that sometimes occurs from rain.

The money return from the crops will be large. The consensus of business opinion is that while there will be some localities, especially in the western half of the district where the farmers will not enjoy a good year, that the district as a whole is safe from any danger of business depression and that the buying power of the people as a whole will not be diminished. Money rapidly distributes itself, and even in the districts where the grain yields are small, the farmers have realized handsomely from sales of stock on an unusually high market.

The two most important features of the month have been the rapid developments in drafting the new National Army, and steps taken by the Government which indicate that a second great War Loan will shortly be called. The amount of the loan is uncertain, as is the rate. These matters are receiving the attention of Congress, and an early decision may be expected. Looking back over the past ninety days, the ease with which the country absorbed the first War Loan and the lack of any evidences of strain are significant indications of the great financial strength of the United States. This financial power is again to be put to the test. The amount called for will very possibly be larger than the \$2,000,000,000 involved in the first loan, and it is probable that following the history of the great loans placed by England, that it will receive a broader popular response. In this district, wide spread individual participation will be encouraged, should the rate, as appears very possible, be higher than $3\frac{1}{2}\%$ which the first Liberty carried.

There are comparatively few large businesses in the Ninth Federal Reserve District, and while there are many thousands who are prosperous, those of great means are likewise few. In the second War Loan the response will have to come, as in the first loan, from the rank and file of the people, and notably from the farmers.

To the farmer, a War Loan Bond should be especially attractive. They will probably be exempt from normal income and other taxes. They will very likely bear a fair rate of interest, comparing favorably with savings bank rates. They have elements of solidity and safety that will far outweigh any other consideration, and constitute an investment that has no superior.

In the raising of the first War Loan, the time was so short that it was not possible to effectively reach the farmers in every part of the district. The loan itself was a new idea, and many farmers did not understand it. Now that they have become better informed, there will doubtless be a generous and hearty response, especially when the farmer understands that in buying war loan bonds, he is not only placing in the hands of the government the means to care for the boys who are going to the front, and of permitting them to perform their duty with the best efficiency, but is also putting at the disposal of the Government the funds which will come back to him again in the form of good prices for every thing he has to sell, while giving him at the same time the best and safest investment that this Government has ever offered.